

EXHIBIT B

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2014**

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM _____ TO _____**

Commission File Number: **001-12421**



NU SKIN ENTERPRISES, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

**75 WEST CENTER STREET
PROVO, UT 84601**

(Address of principal executive offices, including zip code)

87-0565309

(IRS Employer Identification No.)

(801) 345-1000

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒

Accelerated filer ☐

Non-accelerated filer ☐

Smaller reporting company ☐

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of July 31, 2014, 59,229,867 shares of the registrant's Class A common stock, \$.001 par value per share, were outstanding.

Earnings per share for the second quarter of 2014 were \$0.32, compared to \$1.22 for the second quarter of 2013. Earnings per share for the first half of 2014 were \$1.22 compared to \$2.11 for the same prior-year period. The decrease in earnings per share in the six-month period ended June 30, 2014 was largely due to a \$46 million foreign currency charge resulting from the impact of the devaluation of the Venezuela currency on monetary assets and liabilities of our Venezuela entity, \$25 million of which relates to the second quarter of 2014. The decrease in earnings per share in the six-month period ended June 30, 2014 also included a charge in the second quarter of 2014 of \$50 million related to the write-down of inventory in Mainland China. Earnings per share for the quarter were also negatively impacted by an increased tax rate related to the foreign currency charge. For more information regarding these items, please see "–Gross profit", "–Other income (expense), net" and "–Provision for income taxes".

Revenue

Greater China. The following table sets forth revenue for the three- and six-month periods ended June 30, 2014 and 2013 for the Greater China region and its principal markets (U.S. dollars in millions):

| | Three Months Ended June 30, | | | Change | Six Months Ended June 30, | | | Change |
|---------------------|--------------------------------|----------|-------|--------|------------------------------|----------|-----|--------|
| | 2014 | 2013 | | | 2014 | 2013 | | |
| Mainland China | \$ 153.8 | \$ 190.4 | (19%) | | \$ 366.0 | \$ 310.0 | 18% | |
| Taiwan | 41.7 | 37.8 | 10% | | 77.4 | 70.0 | 11% | |
| Hong Kong | 34.4 | 33.0 | 4% | | 65.4 | 52.1 | 26% | |
| Greater China total | \$ 229.9 | \$ 261.2 | (12%) | | \$ 508.8 | \$ 432.1 | 18% | |

Foreign currency exchange rate fluctuations negatively impacted revenue in this region by 1% during the three-month period ended June 30, 2014 and had no effect during the six-month period ended June 30, 2014. Sales Leaders and Actives in Mainland China decreased 18% and 44%, respectively, compared to the prior-year period. Sales Leaders and Actives in Taiwan were down 7% and 8%, respectively, compared to the prior year. Sales Leaders and Actives in Hong Kong were up 15% and 20%, respectively, compared to the prior year. Revenue was positively impacted by a limited time offering of *ageLOC Tru Face Essence Ultra* and *TR90* that generated approximately \$55 million in revenue.

Adverse media reports and government investigations in the first part of the year, and our voluntary suspension of business promotional meetings and applications for new sales representatives in Mainland China had a significant negative impact on our revenue and number of Sales Leaders and Actives in this region during the first half of 2014. In particular, our limited time offering of *ageLOC Tru Face Essence Ultra* in June was significantly below our expectations. In May, we resumed corporate-hosted business meetings and acceptance of applications for new sales representatives. In the second quarter of 2014, we also received an additional direct selling license in Mainland China. We currently plan to expand our business activities in Mainland China during the second half of 2014, including resuming Sales Leader-hosted business meetings. Any unanticipated delays, complications or other difficulties in resuming normal business operations could further impact our business negatively. As we have not previously undertaken such a lengthy suspension of business promotional meetings and applications for new sales representatives, there is uncertainty regarding how our sales force will respond to the resumption of these activities and what impact adverse publicity and these voluntary actions will have on our business going forward.

Year-over-year revenue growth in Taiwan and Hong Kong was due primarily to limited-time offers of *ageLOC Tru Face Essence Ultra* and *TR90*. These products were also made available in regional follow-on offerings in July 2014.